



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
BULLITT COUNTY CLERK**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**BULLITT COUNTY CLERK**

**Calendar Year 2000**

The Auditor of Public Accounts has completed the Bullitt County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

Fee account balances increased by \$20,644 from the prior calendar year, resulting in a cash surplus of \$413,911 as of December 31, 2000. Revenues increased by \$674,142 from the prior year and disbursements increased by \$653,498.

**Report Comment:**

- The County Clerk Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

**Deposits:**

The Clerk's deposits were under collateralized by \$403,505.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Kenneth Rigdon, Bullitt County Judge/Executive

Honorable Nora McCawley, Bullitt County Clerk

Members of the Bullitt County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Bullitt County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Kenneth Rigdon, Bullitt County Judge/Executive  
Honorable Nora McCawley, Bullitt County Clerk  
Members of the Bullitt County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Clerk Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 26, 2001



BULLITT COUNTY  
NORA McCRAWLEY, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grants-Libraries		\$	12,085
State Fees For Services			23,558
Fiscal Court			16,944
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	1,481,634	
Usage Tax		5,015,433	
Tangible Personal Property Tax		4,144,909	
Licenses-			
Marriage		18,837	
Beer and Liquor		3,100	
Deed Transfer Tax		208,599	
Delinquent Tax		<u>572,560</u>	11,445,072
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	58,540	
Real Estate Mortgages		105,302	
Chattel Mortgages and Financing Statements		152,327	
All Other Recordings		74,460	
Charges for Other Services-			
Candidate Filing Fees		3,320	
Copywork		<u>6,971</u>	400,920
Other:			
Miscellaneous			362
Interest Earned			<u>19,318</u>
Gross Receipts		\$	11,918,259

BULLITT COUNTY  
 NORA McCRAWLEY, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 1,096,025
Usage Tax	4,857,321
Tangible Personal Property Tax	1,585,680

Taxes and Fees-

Delinquent Tax	82,789	
Legal Process Tax	54,896	
Candidate Filing Fees	1,440	\$ 7,678,151

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 441,300	
Delinquent Tax	60,260	
Deed Transfer Tax	197,857	
Beer and Liquor Licenses	2,850	702,267

Payments to Other Districts:

Tangible Personal Property Tax	\$ 1,934,708	
Delinquent Tax	277,548	2,212,256

Payments to Sheriff 10,557

Payments to County Attorney 86,659

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 457,397
Voting Machine Custodian	6,450

Employee Benefits-

Employer's Share Social Security	38,827
Employer's Share Retirement	37,495
Employer's Paid Health Insurance	36,074

Contracted Services-

Indexing Services	27,547
Software Lease	14,800
Printing and Binding	7,933

BULLITT COUNTY  
 NORA McCRAWLEY, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements (Continued)

Operating Disbursements (Continued)

Materials and Supplies-		
Office Supplies	\$ 65,103	
Other Charges-		
Conventions and Travel	1,475	
Checks and Bank Service Charges	271	
Postage	16,119	
Usage Tax Refunds	7,649	
Miscellaneous	<u>15,614</u>	\$ 732,754
Library and Archives Grant		12,085
Total Disbursements		<u>\$ 11,434,729</u>
Net Receipts		\$ 483,530
Less: Statutory Maximum	\$ 68,913	
Training Incentive	<u>706</u>	<u>69,619</u>
Excess Fees		\$ 413,911
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 2000		\$ 410,311
Payments to County Treasurer - May 5 , 2001	\$ 409,949	
November 26, 2001	<u>362</u>	<u>410,311</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

BULLITT COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2000  
 (Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The County Clerk entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of March 3, 2000 and April 4, 2000, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$314,977 and \$88,528 respectively of public funds uninsured and unsecured.

The county official's deposits are categorized below to give an indication of the level of risk assumed by the county official as of March 3, 2000 and April 4, 2000.

	Bullitt County Bank Balance	Peoples Bank Balance
Insured or collateralized with securities held by the county official's agent in the county official's name	\$ 199,807	\$ 700,000
Uncollateralized and uninsured	314,977	88,528
Total	<u>\$ 514,784</u>	<u>\$ 788,528</u>

BULLITT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives. There was an unexpended balance of \$12,415 at the beginning of the calendar year. The account earned \$33 of interest during calendar year 2000. Funds totaling \$12,085 were expended during calendar year 2000. The unexpended grant balance is \$363 as of December 31, 2000.

Note 5. Mechanical and Material Lien Escrow Account

The County Clerk has an account for mechanic and material lien bonds. The account had one bond of \$3,900. The account earned interest of \$118 and had bank service charges of \$5 during calendar year 2000. The balance in the account was \$4,013 as of December 31, 2000.

COMMENT AND RECOMMENDATION





BULLITT COUNTY  
NORA McCRAWLEY, COUNTY CLERK  
COMMENT AND RECOMMENDATION

Calendar Year 2000

STATE LAWS AND REGULATIONS:

The County Clerk Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

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On March 3, 2000 and April 4, 2001, \$314,977 and \$88,528 respectively of the County Clerk's deposits of public funds in depository institutions were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with Federal Deposit Insurance Corporation insurance, equals or exceeds the amount of public funds on deposit at all times. We recommend that the County Clerk require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times.

*County Clerk's Response:*

*Will contact both banks and increase pledges accordingly.*

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

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Members of the Bullitt County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Bullitt County Clerk for the year ended December 31, 2000, and have issued our report thereon dated November 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bullitt County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation.

- The County Clerk Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullitt County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 26, 2001

